

Refund of Pension Contributions Factsheet

Members who qualify for a refund

You will qualify for a refund of pension contributions if you:

- Are under the normal pension age of 60 in the 1995 Section, or 65 in the 2008 Section or the later of age 65 or SPA in the 2015 scheme, and
- Have ceased membership of the Scheme; and
- Have less than 2 years qualifying membership in the Scheme.
- Have not had a transfer in from a personal pension scheme

When do I qualify for a refund?

You will not qualify for a refund of pension contributions:-

- If you opt out of the Scheme before the end of the pay period during which you were first included in the scheme. You are then treated as having never been a member of the Scheme. **Employers are responsible for returning these contributions to you.**
- If you have 2 years or more qualifying service;
- If you are over normal pension age with less than 2 years membership of the Scheme. **You are then entitled to receive pension benefits.**
- If you have had a transfer of pension rights into the Scheme from a personal pension plan.

The refund process

For information about the refund process please refer to the “Guide to the Scheme” found on our website www.hscpensions.hscni.net

General information about refunds - from 6 April 2016

The refund will be less than the pension contributions that you have paid, because a deduction for tax has to be made from your gross contributions paid. A deduction of National Insurance for re- instating your rights in the State Second Pension is no longer applicable from 6 April 2016.

Reinstatement into the State Second Pension – refunds prior to 6 April 2016

Members of the HSC Scheme were contracted out of the State Second Pension (formerly the State Earnings Related Pension Scheme (SERPS)) and paid a reduced rate of National Insurance. When HSC Pension Service makes a refund, we must also pay what is known as a Contributions Equivalent Premium (CEP) to the National Insurance Contributions Office at HM Revenue and Customs (HMRC), to reinstate your rights in the State Second Pension.

Income Tax

Income Tax at 20% must be taken from the pension contributions deducted up to £20,000 and 50% on pension contributions over £20,000. Tax is deducted regardless of any tax relief due at the time of the refund or allowable when contributions were originally paid. You cannot reclaim this tax from HMRC.

Alternatives to refunds

Taking a refund may not be the member's only option.

Transferring Pension Rights

If you join an approved pension arrangement that is registered with HMRC, you can apply to transfer your benefits to the new arrangement. For further information on the time limits for transfers and the related process please refer to the "Guide to the Scheme" found on our website.

If you are considering transferring your benefits you should request a quotation of the transfer amount payable and the refund amount first.

Linking Membership

If you are considering re-joining the Scheme within 12 months of leaving, you do not have to apply for a refund of contributions immediately. If you do re-join within 12 months your two periods of membership will link together.

If you are contributing to the HSC Pension Scheme (1995 and 2008 Section) and have received a refund of contributions, you will only be entitled to join the 2015 HSC Pension Scheme on re-joining, regardless of your break in membership.

If you do not re-join the Scheme within 12 months of leaving, you will usually only be entitled to a refund of contributions. For further information see the "Guide to the Scheme" found on our website.

Your employer is responsible for providing ALL members with an information booklet when leaving the Scheme.